

RP00
Maryland Public Broadcasting Commission – Capital

Capital Budget Summary

State-owned Capital Improvement Program
(\$ in Millions)

Projects	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
MPT Transmission Systems Replacement	\$8.835	\$3.061	\$0.860	\$0.000	\$0.000	\$0.000	\$0.000
Studio A Renovation and Addition	0.790	8.210	0.000	0.000	0.000	0.000	0.000
Total	\$9.625	\$11.271	\$0.860	\$0.000	\$0.000	\$0.000	\$0.000

Fund Source	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
GO Bonds	\$3.446	\$8.271	\$0.860	\$0.000	\$0.000	\$0.000	\$0.000
PAYGO FF	6.179	3.000	0.000	0.000	0.000	0.000	0.000
Total	\$9.625	\$11.271	\$0.860	\$0.000	\$0.000	\$0.000	\$0.000

CIP: *Capital Improvement Program*
FF: federal funds
GO: general obligation
MPT: Maryland Public Television
PAYGO: pay-as-you-go

Key Observations

The fiscal 2020 federal fund authorization restores \$3,000,000 in federal pay-as-you-go (PAYGO) funding that was originally a fiscal 2017 deficiency appropriation that reverted after remaining unspent for two years. Federal funding has a two-year authorization timeline. The fiscal 2020 funds are expected to be encumbered and spent in fiscal 2020.

Summary of Recommended PAYGO Actions

1. Concur with Governor's allowance.

Summary of Recommended Bond Actions

1. Maryland Public Television Transmission Systems Replacement

Approve the \$61,000 in general obligation bond funding for the Maryland Public Broadcasting Commission transmission system replacement.

2. Studio A Renovations and Addition

Approve the \$8,210,000 in general obligation bond funding for the Maryland Public Broadcasting Commission renovations and expansion for Studio A.

Budget Overview

The Maryland Public Broadcasting Commission (MPBC) has six digital transmitter sites for its Maryland Public Television (MPT) broadcasting. The equipment is located in Annapolis, Frederick, Hagerstown, Oakland, Owings Mills, and Salisbury.

MPBC replaced much of its transmission equipment as part of the digital conversion project that started in calendar 2000. The equipment purchased during this conversion is coming to the end of its useful life, and replacement components do not exist and must be custom built. For other components, the original manufacturers do not provide technical support, which makes it more effective to replace rather than to repair the current transmission systems.

Without replacing the transmitters, MPT risks going off the air for the estimated 20% of viewers who obtain the station via the over-the-air signal and for cable and satellite customers. An outage leading to an unplanned replacement could result in a lengthy period without a broadcast signal which,

in turn, could lead to a loss of the rights to the channel under Federal Communications Commission (FCC) regulations.

Exhibit 1 outlines the various components and related cost of work already completed and to be completed with State funds for this multiphased project. This breakdown has been updated to reflect changes in State funding as a result of the federal funds received for the repacking process.

Exhibit 1
Cost Breakdown for the Transmitter Process
Fiscal 2015-2020

<u>Project</u>	<u>Cost</u>
Fiscal 2015	
Owings Mills Exciter	\$35,000
Annapolis Exciter	50,000
Annapolis United Parcel Service (UPS)	170,000
Microwave	60,000
Annapolis Heating, Ventilation, and Air Conditioning (HVAC)	85,000
Fiscal 2016	
Hagerstown UPS	\$200,000
Microwave	200,000
Fiscal 2017	
Hagerstown Exciter	\$50,000
Microwave	100,000
Fiscal 2018	
Nonreimbursable Repack Costs	\$55,000
Oakland and Frederick Replacement Tower Lights	70,000
Frederick Generator and Transfer Switch	150,000
Salisbury Replacement HVAC	80,000
Microwave	175,000
Fiscal 2019	
Oakland Generator	\$110,000
Owings Mills and Annapolis Replacement Tower Lights	500,000
Hagerstown Replacement Air Conditioning Unit	75,000
Microwave	80,000
Nonreimbursable Repack Costs	233,000

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<u>Project</u>	<u>Cost</u>
Fiscal 2020	
Nonreimbursable Repack Costs	\$61,000
Fiscal 2021	
Salisbury Transmitter and Antenna	\$400,000
Frederick Antenna	210,000
Owings Mills Antenna	250,000
Total	\$3,399,000

Source: Maryland Public Broadcasting Commission

Federal Repacking Process

FCC has initiated a digital conversion process referred to as the “repacking process” that results in some overlap with the State-funded transmission systems replacement project but brings with it federal funds to support elements of the project previously thought to require State funds. The project budget now recognizes \$9.2 million of federal funds and \$3,577,000 in general obligation (GO) bonds for the total project. As a result of the federal fund allocation, the amount of State funds programmed to be required in fiscal 2020 is reduced from \$110,000 as programmed in the 2018 *Capital Improvement Program* to \$61,000 included in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2019. The fiscal 2020 federal fund authorization restores \$3,000,000 in federal PAYGO funding that was originally a fiscal 2017 deficiency appropriation that was reverted in the budget closeout process after remaining unspent for two years. Federal funding has a two-year authorization timeline. The fiscal 2020 federal funds are expected to be encumbered and spent in fiscal 2020.

The federal funds that support the repacking process are derived from FCC’s sale of available broadcast spectrum. This process was initiated in October 2016 and, at the time, FCC anticipated that it would need to receive upward of \$88 billion to cover pledges already made to broadcasters across the nation. The actions, however, only received \$30 billion in bids and were postponed to March 2017.

The March 2017 auction took place and resulted in net proceeds of approximately \$7 billion for FCC after the costs of the transitions and equipment for reverse auction broadcasters were determined. The end of the broadcast auction begins the 39-month process to gradually phase in repacking with transmitters in Frederick, Oakland, and Salisbury being completed in the fourth phase, which will be completed in August 2019. Transmitters in Annapolis and Owings Mills will take place in the eighth phase that completes repacking by March 2020, and Hagerstown will complete the repacking process by May 2020. These are definitive dates for each phase provided by FCC to ensure that the stations are available for the forward auction recipients. MPT is currently working with FCC to move the Annapolis repacking process from Phase 8 to Phase 4 with the Frederick, Oakland, and Salisbury transmitters.

In addition to the federal repacking process, there are additional costs, including several antennae that are not covered by the federal funds and require GO bonds to complete. There are additional antennae replacements at the Frederick, Owings Mills, and Salisbury transmitter sites. As a result, there is an additional \$860,000 added to the project in fiscal 2021 to replace antennae for these sites.

Studio A Renovation and Addition

The MCCBL of 2019 includes \$8.198 million in GO bond funds to continue design as well as to start construction and to purchase equipment for the Studio A renovation that is MPT's largest studio. The original start date for design of this project was February 2017, but the procurement process to secure a vendor took longer than expected. Design is currently underway, and the construction phase is expected to begin in June 2019. The current cost estimate has increased slightly, but many of the costs have shifted from equipment costs to construction costs because of the decision to incorporate a motorized grid and electrical system upgrades to the project. The shift in costs results in a longer warranty for the additions. The current studio has numerous deficiencies, including aging and deteriorating mechanical; electrical; and heating, ventilation, and air conditioning (HVAC) systems. The studio lacks the space to accommodate modern broadcast technologies and is noncompliant with the Americans with Disabilities Act (ADA) accessibility standards. The studio has not been renovated since it was constructed in the 1960s. As a result, the HVAC unit cannot be run at the same time that filming occurs, which causes extreme temperatures in the studio.

While the main goal of this project is the renovation of Studio A to better accommodate the uses of the studio, because of its age, there is also an expansion that is necessary to accommodate studio equipment and updated electrical and mechanical systems that did not exist when the studio was built. The expansion of the studio will increase the net square footage from 7,480 square feet (sq. ft.) to 12,980 sq. ft.

Currently, because of the size and configuration of the space, there is no formal seating, and the members of the very limited studio audience sit on folding chairs. The ceiling in the studio is only eight feet high, which creates complications in moving props and equipment in and out of the loading dock. It also limits the types of performances that can be held in the studio, and MPT is often required to rent space to accommodate larger audiences or for more complicated events. MPT estimates that it will increase live shows from 4 to 12 live shows after the completion of the project.

Another issue that requires the expansion, in addition to the renovations, is that the restrooms adjacent to Studio A do not comply with ADA standards. Because of its location, the bathrooms will need to be updated and expanded to comply with current regulations.

Operating Budget Impact Statement

Executive’s Operating Budget Impact Statement – State-owned Projects
Fiscal 2020-2024
(\$ in Millions)

	2020	2021	2022	2023	2024
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Studio A Renovation						
	Estimated Operating Cost	\$0.000	\$0.014	\$0.015	\$0.015	\$0.016
	Estimated Staffing	0.0	0.0	0.0	0.0	0.0

The Studio A project will result in an expansion of the square footage of the current studio. As a result, there will be additional fuel and utility costs associated with the additional space. It is anticipated that there will be an additional \$2.10 per sq. ft. cost, including inflation, that will cause an increase in the total operating costs for MPBC for utilities.

PAYGO Recommended Actions

1. Concur with Governor's allowance.

GO Bond Recommended Actions

1. Approve the \$61,000 in general obligation bond funding for the Maryland Public Broadcasting Commission transmission system replacement.
2. Approve the \$8,210,000 in general obligation bond funding for the Maryland Public Broadcasting Commission renovations and expansion for Studio A.